

Fiscal Estimate - 2007 Session

☒ Original ☐ Updated ☐ Corrected ☐ Supplemental

LRB Number 07-3911/1		Introduction Number AB-0771	
Description Use of a social security number as personal identifier in the administration of a state or local governmental program			
Fiscal Effect			
State:			
<div style="display: flex; justify-content: space-between;"><div><input type="checkbox"/> No State Fiscal Effect <input type="checkbox"/> Indeterminate <input type="checkbox"/> Increase Existing Appropriations <input type="checkbox"/> Decrease Existing Appropriations <input type="checkbox"/> Create New Appropriations</div><div><input type="checkbox"/> Increase Existing Revenues <input checked="" type="checkbox"/> Decrease Existing Revenues</div><div><input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Decrease Costs</div></div>			
Local:			
<div style="display: flex; justify-content: space-between;"><div><input checked="" type="checkbox"/> No Local Government Costs <input type="checkbox"/> Indeterminate 1. <input type="checkbox"/> Increase Costs 3. <input type="checkbox"/> Increase Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 2. <input type="checkbox"/> Decrease Costs 4. <input type="checkbox"/> Decrease Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory</div><div>5. Types of Local Government Units Affected <div style="display: flex; flex-wrap: wrap;"><div style="width: 33%;"><input type="checkbox"/> Towns</div><div style="width: 33%;"><input type="checkbox"/> Village</div><div style="width: 33%;"><input type="checkbox"/> Cities</div><div style="width: 33%;"><input type="checkbox"/> Counties</div><div style="width: 33%;"><input type="checkbox"/> Others</div><div style="width: 33%;"><input type="checkbox"/> School Districts</div><div style="width: 33%;"><input type="checkbox"/> WTCS Districts</div></div></div></div>			
Fund Sources Affected		Affected Ch. 20 Appropriations	
<input checked="" type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS			
Agency/Prepared By		Authorized Signature	Date
DOR/ Bradley Caruth (608) 261-8984		Rebecca Boldt (608) 266-6785	2/21/2008

Fiscal Estimate Narratives

DOR 2/21/2008

LRB Number	07-3911/1	Introduction Number	AB-0771	Estimate Type	Original
Description					
Use of a social security number as personal identifier in the administration of a state or local governmental program					

Assumptions Used in Arriving at Fiscal Estimate

This bill prohibits state agencies and local governments from using social security numbers (SSNs) as identifiers effective January 1, 2009. The prohibition applies to agencies' work in administering all state programs except when the use of SSNs: 1) is required by state or federal law or regulation, 2) is specifically authorized by state law, or 3) is necessary for the receipt of federal aids.

The Department of Revenue (DOR) is specifically authorized by federal law [42. U.S.C. sec. 405(c)(2)(C)(i), (iv)] to use SSNs for tax administration purposes, but authorization under federal law does not meet the requirements of this bill.

The SSN is used for tax administration to ensure that DOR:

- 1) posts income tax returns to the correct individual tax accounts;
- 2) matches employer withheld taxes and quarterly estimated income tax payments to the right income tax returns;
- 3) matches federal tax return information to state tax return information and vice versa;
- 4) certifies wages of the right taxpayer for delinquent taxes;
- 5) matches bank and payer information returns to the right taxpayers;
- 6) levies the right bank accounts for delinquent tax collections;
- 7) offsets federal refunds against delinquent state taxes and vice versa;
- 8) offsets state tax refunds against delinquent taxes, other state agency, and local government debts.

There is no other number that is used by all federal, state and local governments as well as businesses such as banks and employers that can be used to link information across sources. Without such a link, DOR would have difficulty in processing tax returns for taxpayers with the same name. As a result, the department anticipates a significant cost increase in returns being suspended. To resolve these suspended returns would result in an estimated \$607,000 in administrative costs. In addition to these detailed costs, there would also be significant costs for technological changes.

Furthermore, the bill would result in reduced audit collections due to the inability to match tax return information with other information used for compliance purposes (e.g., withholding information, informational returns, federal tax returns). This revenue loss is not estimable but is expected to be sizable.

If the bill was amended to allow the use of SSNs when authorized by state or federal law or regulation, the bill would be estimated to have a minimal fiscal effect and would have no administrative costs.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2007 Session

Detailed Estimate of Annual Fiscal Effect

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Description Use of a social security number as personal identifier in the administration of a state or local governmental program			
I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):			
II. Annualized Costs:		Annualized Fiscal Impact on funds from:	
		Increased Costs	Decreased Costs
A. State Costs by Category			
State Operations - Salaries and Fringes	\$	\$	
(FTE Position Changes)			
State Operations - Other Costs			
Local Assistance			
Aids to Individuals or Organizations			
TOTAL State Costs by Category	\$	\$	
B. State Costs by Source of Funds			
GPR			
FED			
PRO/PRS			
SEG/SEG-S			
III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)			
	Increased Rev	Decreased Rev	
GPR Taxes	\$	\$	
GPR Earned			
FED			
PRO/PRS			
SEG/SEG-S			
TOTAL State Revenues	\$	\$	
NET ANNUALIZED FISCAL IMPACT			
	State	Local	
NET CHANGE IN COSTS	\$SeeText	\$	
NET CHANGE IN REVENUE	\$SeeText	\$	
Agency/Prepared By	Authorized Signature		Date
DOR/ Bradley Caruth (608) 261-8984	Rebecca Boldt (608) 266-6785		2/21/2008